City Hall
Council Chambers

TOLEDO BUDGET COMMITTEE MEETING

May 10, 2016

Mayor Billie Jo Smith opened the public hearing regarding the City of Toledo 2016/2017 FY Municipal Budget, including State Revenue Sharing at 5:30pm.

Budget Committee (BC) members present: Jim Chambers, Jerry Seth, Bob Deming, Larry Davis, Joshua Smith, Terry Strom, Alma Baxter, Michele Johnson, and Jill Lyon.

Members absent: Rod Cross, Chuck Gerttula, Jackie Kauffman and Julie Rockwell.

Staff present: Budget Officer/City Manager (BO/CM) Jay Baughman, Police Chief (PC) Dave Enyeart, Finance Director (FD) Polly Chavarria, City Attorney/Planner (CA) Michael Adams, Public Works Director (PWD) Lee Ritzman, and City Recorder (CR) Nancy Bryant.

Visitors present: Callie Hair.

The proposed budget document was distributed to the Budget Committee by CM Baughman who then delivered the City Manager's budget message (on file at City Hall) to the committee.

Public Comment: There was no public comment.

Mayor Smith recessed the meeting at 5:49pm and announced that this public hearing will continue on May 17, 2016 at 5:30pm at the City Hall Council Chambers.

TOLEDO BUDGET COMMITTEE MEETING

May 17, 2016

Mayor Billie Jo Smith reconvened the May 10, 2016 public hearing regarding the City of Toledo 2016/2017 FY Municipal Budget, including State Revenue Sharing at 5:30pm.

Budget Committee (BC) members present: Rod Cross, Jerry Seth, Jim Chambers, Terri Strom, Joshua Smith, Alma Baxter, Larry Davis, Michele Johnson, Jackie Kauffman, Julie Rockwell, and Jill Lyon. Budget Committee members absent: Chuck Gerttula and Bob Deming.

Staff present: Budget Officer/City Manager (BO/CM) Jay Baughman, Finance Director (FD) Polly Chavarria, Fire Chief (FC) Will Ewing, Public Works Director (PWD) Lee Ritzman, Library Director (LD) Deborah Trusty, Maintenance Coordinator (MC) Dave Inman, Police Sergeant (PS) Michael Pace, and City Recorder (CR) Nancy Bryant.

Visitors present: There were no visitors present.

Election of Presiding Officer

Mayor Smith called for nominations for presiding officer.

Motion: It was moved and seconded (Davis/Strom) to appoint Jim Chambers as Presiding Officer for the public hearing regarding the Toledo 2016/2017 FY Municipal Budget including state revenue sharing.

Motion passed 11-0, noting the absence of members Gerttula and Deming and member Chambers abstained from voting.

Public Comment:

PO Chambers called for public comment: there was no public comment.

PO Chambers called for a dinner break at 5:33. The meeting resumed at 5:59am.

BC Lyon complemented staff for creating a legible and transparent proposed budget document. BO/CM Baughman asked if there were any suggestions from the budget committee regarding additional information that should be added to the document. There were no suggested changes.

Budget Document Review

Presiding Officer (PO) Chambers began the review of the proposed 2016/17 FY Budget document as follows:

General Fund

Administration: The proposed budget for Administration reflects a 1.05% increase over the adopted budget for FY 2015/2016. There are no significant changes in this department from the previous year.

BC Lyon suggested that "Examining mixed use zoning in the downtown district to enable neighborhood evolution" be added to the Economic Development department objectives on page 67.

Police: The proposed budget for the Police department for FY 2016/2017 reflects a 1.36% decrease over the adopted budget for FY 2015/2016. There is a reduction in Gas, Oil and Tires, due to lower petroleum costs. Also, contract services is reduced as IT services are now in-house in the General Services Fund. In addition, all transfers to the Building Reserve Fund are now budgeted in the Property Maintenance Fund and no longer in the individual department.

PO Chambers inquired about the proposed $5,250 hiring costs for the police department. Sergeant Pace stated that the amount is a result of the large turnover in staffing within the department.

BC Lyon suggested that the department consider marketing some of the activities that the Toledo Police Department can offer to other communities in the Financial Security objectives on page 73.

Mayor Smith suggested that the City talk to the Code Enforcement Officer Trish Miller about becoming a City employee or contract service provider.

Fire: The proposed budget for the Fire department reflects a 10.5% decrease from the adopted budget for FY 2015/2016. The 2015/2016 budget was increased mid-year for one-time costs associated with summer wildland fire conflagration, making that year unusually high. In addition,

revenue from equipment used during the conflagration allowed a reduction in the transfer to reserves for equipment which more than offset the cost of the conflagration. As with other General Fund departments, building transfers have been moved to the Property Maintenance department.

The group discussed conflagration and how the funding is disbursed when received from the State.

Recreation: The proposed budget for the Recreation department reflects a 2.30% decrease from the adopted budget for FY 2015/2016. Restructuring in the director positon, and reduced part-time hours have reduced personnel costs. No building transfers are proposed for the 2016/2017 fiscal year, pending decisions about closing the swimming pool.

The group discussed the forecast for closing the public swimming pool and what roll the City will play in aiding the community to save the facility. BO/CM Baughman stated that staff will provide information regarding the operation of the facility but staff is not activity engaged in creating a recreation district. Councilor Baxter noted that it will be important to set parameters by which the City Council will use to determine if the public's plan is sufficient enough to extend the closure date.

Property Maintenance: The proposed budget for the Property Maintenance department for FY 2016/2017 reflects an increase of 56.8% from the adopted budget for FY 2015/2016. All transfers to the building Reserve Funds are now budgeted in this department. Much of the revenue anticipated from the increase of 0.75% in electrical franchise fees is being directed toward the City's significant facility's needs. Proposed capital purchases include a feasibility study for drainage at the Memorial Field Sports Complex and grant matching funds for park improvements.

The group discussed the reasoning and use of a feasibility study for drainage at the Memorial Field Sports Complex. CM Baughman explained that Memorial Field stays wet most of the year making it difficult to hold events during the non-summer months. PO Chambers stated that he has a hard time approving $12,000 for a drainage study. He questioned whether a survey would be more appropriate than an engineer study. FC Ewing noted that the request for quotes requirement will include a plan to fix the drainage issue. CP Lyon noted that City needs to make a decision about the restroom building at the field. She suggested either fix the facility or take the building down. FD Chavarria noted that the old restroom facility is being used for storage of grounds equipment. She also stated that even if the restroom facility was repaired it would not be large enough to avoid portable toilets at large events.

Library: The proposed budget for the Library for FY 2016/2017 reflects a 0.01% decrease from the adopted budget for FY 2015/2016. As in previous departments, building transfers are no longer budgeted here. There are no significant changes proposed in this budget.

PO Chambers questioned the decrease in funding from the Lincoln County Library District. LD Trusty explained that the funding is based on the percentage of patrons served through circulation and it is difficult to compete with larger libraries within our county. She also stated that the district has been aggressive in offering online services shared by all libraries in the district. She said the online publications is getting bigger and better all the time.

PO Chambers suggested adding signage on the Library building that can be seen from A Street.

Municipal Court: The proposed budget for the Municipal Court reflects a 4.65% increase from the adopted budget for FY 2015/2016. The increase is as a result of the change of the Municipal Court Judge from a salaried position to a contract position.

General Services: The proposed budget for General Services reflects a 15.64% increase from the adopted budget for 2015/2016. In lieu of contract services, the City has hired a half-time IT Manager, paid from this department's personnel services. There is a reduction in the Data Processing line item accordingly. The addition of a $10,000 Economic Development line item will help the City towards economic development goals. Per City policy, there is also a transfer to the Retirement Reserve this year, as the City portion of overall retirement costs fell below 7%.

The group discussed the half time IT position funded in General Services. Staff noted that the City receives additional savings because the person filling the position can increase the scope of work compared to a contract service provider.

PO Chambers questioned the proposed $10,000 in the Economic Development line item in General Services. BO/CM Baughman explained that $5,000 of this fund will help defray the cost of the Toledo Industrial Park "Shovel Ready Status Certification" process but staff has not identified a specific expenditure for the remaining $5,000.

Property Maintenance: The proposed budget for the Property Maintenance Fund reflects a 0% change over the adopted budget for FY 2015/2016, as expenditures for this program have been moved back to the Property Maintenance Department within the General Fund beginning fiscal year 2015/2016.

PO Chambers call for a brief recess at 7:22pm. The public hearing resumed at 7:58pm.

Public Works: The proposed budget for Public Works department for the FY 2016/2017 reflects a 1.21% decrease from the adopted budget for FY 2015/2016. The decrease in this budget is in reduced materials and services costs, mainly in supply costs. This fund also has a transfer to Retirement Reserve this year, as per City policy when retirement costs fall below 7%.

BC Seth questioned the increase in the Health Insurance line item of Public Works expenditures. FD Chavarria explained that the increase, compared to the estimated expenditures for 2015/16, is for potential full family coverage for an employee who opted out of insurance coverage but may choose to be covered in the next open enrollment. Also, coverage for current vacant employee positions are estimated in this fund.

Streets: The Street Fund has a proposed increase of 10.95% for the 2016/2017 fiscal year when compared to the adopted budget for the 2015/2016 fiscal year. Revenues and expenditures are balanced. Revenues include Franchise Fees, Truck Permit Fees, Oregon State Highway Tax, Road Maintenance Fees, and grants. Expenditures are used for both the street and storm water systems within the City. The increase in this fund is the result of carry-over from previous years, creating a large beginning fund balance. This money remains available in subsequent years for street and storm water projects. Capital purchases proposed include a Storm Drainage Master Plan, street resurfacing/overlays, and seal coating of streets.

The group discussed expenditures in the Systems line item in the amount of $1,372,185 and the Systems Repair line item at $50,000. PO Chambers suggested double coating the street striping or

the use of thermo-plastic on the west end of Business Hwy 20 where the striping is no longer visible.

Water: There are no significant changes in this year's budget. The Water Fund is financed through water utility charges to customers and sale of water to the Seal Rock Water District. It funds the operation of the distribution system and the water treatment plant which are include in the overall fund but are separated into different departments within the fund to track total costs of each function.

The group discussed future water rates. FD Chavarria noted that by resolution the water rate automatically increases by 1.25% per year. Council has not discussed any changes.

Sewer: The Sewer Fund has a proposed decrease of 3.66% for the 2016/2017 fiscal year, when compared to the adopted budget for the 2015/2016 fiscal year. There are no significant changes in the proposed budget. The Sewer Fund is financed through utility charges. It funds the operation of the sewer collections system and the wastewater treatment plant. Both are included in the overall fund, but are in separate departments within the fund to tract total costs of each function.

Although the budget reflects a transfer to the Sewer Reserve Fund similar to the previous year, it is a fraction of what is necessary to maintain the system. The money transferred to the reserve is money that is available for capital expenditures and also acts as an emergency contingency for this fund. Although the budget includes one large project from the Reserve, other necessary projects were unable to be funded.

The group discussed funding other necessary projects that were unable to be funded in the proposed budget. BO/CM Baughman noted that the City will be considering a general obligation bond or other funding to fund the wastewater improvements identified in the Wastewater Master Plan. Staff will prepare a campaign to raise public awareness of the issues.

Special and Reserve Funds: In addition to the city operating funds, the budget contains a number of special and reserve funds as follows:

The Council Strategic Reserve Fund houses money that is available to be used at the City Council's discretion. Seventy-five percent of any revenue from HUD loan repayments will be placed in this fund for future expenditures as directed by the Council. Total proposed 2016/2017 FY budget for the Council Strategic Reserve Fund is $45,980.

The group discussed the proposed $5,000 annexation expenses in the CC Strategic Reserve Fund and whether it is more appropriate to move that expense to Economic Development. After some discussion no changes were recommended.

The Debt Services Fund accounts for the payment of principal and interest on all general obligation long-term debt. Total proposed 2016/2017 FY budget for the Debt Services Fund is $173,153.

The Forfeiture Revenue Fund is a special revenue fund used to track the proceeds from police related forfeitures and seizures. The total proposed 2016/2017 FY budget for the Forfeiture Revenue Fund is $4,840.

The Revolving Loan Fund -Twenty-five percent of any revenue from HUD loan repayments will be placed in this fund to be used for loans as the Council directs. The total proposed 2016/2017 FY budget for the Revolving Loan Fund is $57,910.

The Solid Waste Fund serves to pay the City's share of the costs associated with closing the Agate Beach Landfill. Revenue for this fund comes from Dahl Disposal, based on the amount of waste hauled each month. Expenditures are made to the Lincoln County Solid Waste Consortium as needed to cover closure expenses. The total proposed 2016/2017 FY budget for the Solid Waste Fund is $183,820.

The 911 System is a special revenue fund used to enhance the City's 911 system. Revenue into the fund comes from 911 tax receipts. Expenditures are limited to those uses allowed by state law for 911 tax funds. The total proposed 2016/2017 FY budget for the 911 fund is $71,250.

The Building and Property Reserve Fund purpose is to save money for future capital expenses related to the City owned buildings and property. Capital expenditures include; city hall roof, swimming pool heater & shell, library heating system and Dog Park. The total proposed 2016/2017 FY budget for the Building and Property Reserve Fund is $778,100.

The group discussed the proposed $20,000 for a feasibility study to move the Police Department to the Fire Station. PO Chambers asked what information the study will provide. FC Ewing noted that a request for proposal for the study has not been written so the details have not been established. BC Cross stated that the City owns building plans of the Fire Station that should be reviewed before moving forward.

The group also discussed replacing the roof on City Hall.

The General Reserve Fund is used to save money for future major expenses for departments of the General Fund. The proposed capital expenditures include a Custodian Van proposed at $12,000 and a Fit Tester for $8,000. The total proposed 2016/2017 FY budget for this fund is $524,500.

BO/CM Baughman stated that a proposed expenditure for a Fit Tester in the amount of $8,000 should be noted in line item 036-360-621800 and is not specifically identified on page 150 of the document.

The Public Works Reserve Fund is used to save money toward the purchase of major pieces of equipment and vehicles for the Public Works Department. It is also used for major repairs/replacements of the Public Works Shop. Capital expenditures proposed include a Utility Truck in the amount of $27,000 and a Pickup Truck in the amount of $23,000. The total proposed 2016/2017 FY budget for the Public Works Reserve Fund is $182,415.

The group discussed the proposed purchase of a Utility Truck and a Pickup Truck. PO Chambers suggested considering purchasing a pickup truck that can be used with the City's truck-mounted snowplow. FD Chavarria noted that the proposed pickup truck is for the wastewater treatment plant and will not be used at the city shops.

The Water Reserve Fund is used to set money aside for future major expenses pertaining to the water system. It is also used as contingency funds for unforeseeable system repairs. Proposed expenditures include a Water Conservation and Management Plan in the amount of $48,700 and

the Ammon road Water Tank Project. The total proposed 2016/2017 FY budget for the Water Reserve Fund is $1,471,622.

The group discussed the proposed water conservation and management plan and the City's water rights on the Siletz River.

The Sewer Reserve Fund is used to set money aside for future major expenses pertaining to the sewer system. It is also used as contingency funds for unforeseeable system repairs and it houses the debt service reserve for the 1989 USRD Revenue Bonds. Proposed expenditures include improvement to the Butler Bridge Force Main in the amount of $224,000. The total proposed 2016/2017 FY budget for the Sewer Reserve Fund is $669,043.

The Street Reserve Fund is used to set money aside for future major expenses pertaining to the street system. Proposed capital expenditures include Highway 20 maintenance as needed. The total proposed 2016/2017 FY budget for the Street Reserve Fund is $166,250.

The Library Reserve Fund holds general gifts, donations, and bequests given to the City that are intended specifically for the Library. The total proposed 2016/2017 FY budget for the Library Reserve Fund is $22,430.

The Footpaths & Bicycle Trails Fund is the one percent Highway Tax money received from the State for construction of footpaths and bicycle trails. The money is held in this fund over a period of years until enough is accumulated for a project. The total proposed 2016/2017 FY budget for the Footpaths & Bicycle Trails Fund is $17,450.

The Systems Development Fund is used to hold funds for expansion of the City's infrastructure segments due to increased burden from new development. Revenue into this fund is generated from fees paid by new users connecting to service, as their "buy-in" to the system. The total proposed 2016/2017 FY budget for the Systems Development Fund is $428,825.

The Grant Fund is used to track proceeds and expenditures from any general grants the City may receive. The total proposed for the 2016/2017 FY budget for the Grant Fund is $233,000. Proposed expenditures for 2016/2017 include funding for phase two of installing a Citywide Camera System in the amount of $13,000 and the purchase of Police Multi Data Terminal Computers in the amount of $10,000.

The Stabilization Fund holds money set aside for future expenses in three areas. It provides stabilization for future insurance related expenses including premium increase and deductibles. It provides stability to retirement expenses when the PERS rate increased over the threshold established by City Council. It also functions as a "rainy day" fund to stabilize revenue fluctuations in the General Fund. The total proposed 2016/2017 FY budget for the Stabilization Fund is $888,400.

The Water Construction Fund was created to hold the bond proceeds from the 2012 Revenue Bond Sale and to track the corresponding expenditures for water improvements. The proposed expenditures for 2016/2017 include the demolition of the retired Siletz Pump Station in the amount of $75,000 and completing bond fund projects in the amount of $347,900. The total proposed 2016/2017 FY budget for the Water Construction Fund is $422,900.

Total proposed 2016/2017 FY Budget- The total amount for the City of Toledo proposed budget for the fiscal year 2015/16 is $17,948,471.

CM Baughman stated that he will be pursuing the Government Finance Officers Association (GFOA) Certificate of Achievement award for the City of Toledo. He said achieving that award shows that your City has a budget that is easy to read and educates the connection between the funds received and what we will do with it in the next fiscal year.

PO Chambers closed the Public Hearing for the City of Toledo 2016/2017 Fiscal Year Municipal Budget, including State Revenue Sharing at 9:03pm.

Budget Committee Motions

Motion- It was moved and seconded (Lyon/Cross) to recommend approval of the proposed 2016/2017 Fiscal Year budget to City Council and accept state funding.

Motion passed unanimously.

Motion-It was moved and seconded (Smith/Kauffman) to approve a rate of $5.18 per thousand of total ad valorem property taxes to be certified for collection and $155,000 in bonded debt and accept state revenue sharing.

Motion passed unanimously.

Adjournment

PO Chambers adjourned the meeting at 9:05pm.

ATTEST:

Nancy Bryant, City Recorder

APPROVE:

Jim Chambers, Presiding Officer